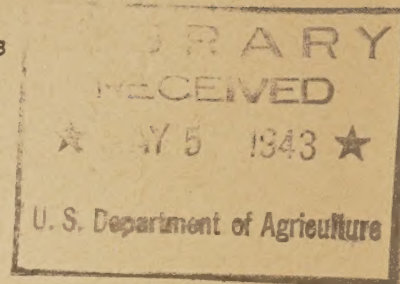


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UNITED STATES DEPARTMENT OF AGRICULTURE
WAR FOOD ADMINISTRATION
Washington, D. C.

April 22, 1943

To: Chairmen and Members of State and County War Boards
From: Chester C. Davis, Administrator
Subject: The Livestock and Feed Situation



Attached is an analysis of the livestock and feed situation which was prepared at my request by the Bureau of Agricultural Economics. I think the BAE report will bear careful study by all of us. Attached also is a copy of our release of April 10.

The BAE analysis indicates that during the current feeding year we will use almost as much grain as was produced by the record crop of last year. With an indicated acreage of feed crops slightly above that of 1942 we will need yields per acre nearly as large as last year in order to equal last year's production. Yields were about 10 percent above average last year.

Present indications are that close to 125 million pigs will be farrowed in the spring and fall of 1943 as compared with 105 million last year. There is some increase in other livestock. Consequently it appears that the feed needed next year will be substantially greater than that used this year unless we begin now to take steps to conserve it.

It seems to me that we need to begin now to plan for increased wheat plantings next fall and for some further shift from oats to corn, wheat, or barley next year. In the spring wheat area and in areas where oats are already seeded with a poor stand, something can be done along these lines this year. However, any changes in plans this year should not be at the expense of the oilseed crops for which need is even greater than the feed crops.

It also seems to me to be equally desirable to begin now a vigorous program of feed conservation -- a program to make the most efficient use of every bushel of grain, every pound of hay, and every acre of pasture. In recent years with feed supplies large, many farmers have used more feed than necessary. With the need so great for increased livestock production all feed should be saved and fed in the most economical manner possible.

We are already arranging for the importation of wheat to be used to supplement feed supplies in the Northeastern part of the country. We hope to be able to arrange for further importations to help take care of feeding requirements in the Southeastern and Southwestern coastal areas. In addition to relieving the pressure on the domestic grain supplies, such importations will help to relieve the strain on the domestic transportation system.

Obviously, it will be necessary in time to bring the feed and livestock in balance. Additional steps which we can not now foresee may be necessary. We know at this time that there will be no shortage of grain this season and as indicated in our release of April 10, no further change in the ceiling prices of corn will be made this season. Farmers who hold surplus supplies of corn can help to relieve the situation in the feeding areas by moving these supplies to market in the normal manner.

Chester C. Davis

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April 21, 1943

THE LIVESTOCK AND FEED SITUATION
April 1943

A reappraisal of the entire feed and livestock situation is now possible as a result of the report on prospective plantings for 1943, released March 19, and the survey of grain stocks on farms on April 1, released April 9.

This and other information indicate that livestock production is now at a record height, that further increases are in prospect, and that livestock numbers will have to be leveled off and the production of some products perhaps reduced unless additional sources of feed are developed or unusually favorable yields of feed grain realized in 1943.

Specifically, an examination of the available data with respect to current and prospective numbers of livestock and current and prospective supplies of feed indicates that:

(1) Livestock numbers now on hand or in prospect are at a record high level. The number of milk cows and heifers two years old and older kept for milk on January 1, 1943, was 26,946,000 head as compared with 26,398,000 head on January 1, 1942, and the earlier record of 26,931,000 head on January 1, 1934. The total number of all cattle was 78,170,000 head as compared with 75,162,000 head on hand January 1, 1942, and the earlier record of 74,369,000 head on hand January 1, 1934.

The number of sheep and lambs on hand January 1, 1943, was 55,089,000 head, or slightly less than the 56,735,000 on hand January 1, 1942, but above the average for 1932-41 and the earlier record of 53,902,000 on hand January 1, 1932. The number of all chickens on hand on January 1, 1943, was 540,107,000, or about 14 percent above January 1, 1942, as well as the earlier record of January 1, 1928. The 73,660,000 head of hogs on hand January 1, 1943, was far above the 60,377,000 on hand January 1, 1942, and assuming farmers carry out their reported intentions for spring farrowing and meet the goals for farrowing in the fall of 1943, it is estimated that the 1943 pig crop may well total 125,000,000 head as compared with the pig crop of 105,000,000 head in 1942 and the average pig crop of almost 73,000,000 for the 10 years 1931-40. At the same time hog weights are currently running about 10 percent over normal while egg production per hen is about 12 percent and milk production per cow about 8 percent above the average for 1932-41.

Altogether it is estimated that the units or numbers of grain-consuming livestock for the calendar year 1943 will be 10 to 12 percent above the number for the calendar year 1942.

(2) All current indications point to a carry-over of corn and other feed grains from the 1942 crops into the new feeding year which will start this fall about equivalent to the carry-over of old corn and other feed grains into the feeding year which started in the fall of 1942. That is, it is

expected that the stocks of old corn will not exceed 500,000,000 bushels on October 1, as compared with 492,000,000 bushels on October 1, 1942, and stocks of old crop oats and barley this summer are expected to be at about the same level as the stocks carried into the summer of 1942. Current indications are that feeding rates or disappearances of feed per unit of production was about 3.5 percent higher during the 6 months ending March 1943 than the average rate of feeding for the preceding 5 years, 1937-41. This means that the extremely large corn crop of 3,175,000,000 bushels harvested last fall, together with the favorable crop of oats, barley, and grain sorghums harvested in the summer of 1942, as well as 275,000,000 to 300,000,000 bushels of wheat, will be fed to livestock during the feeding year extending from the fall of 1942 to the fall of 1943.

(3) With the numbers of livestock now on hand it appears that dairy cattle, beef cattle, and sheep and lambs will need about as much feed during the feeding year starting in the fall of 1943 as is currently being used, while substantially increased amounts of feed will be required to feed out the spring and fall pig crops and to attain the egg and poultry production now in prospect.

Assuming that farmers carry out current planting intentions and average or normal yields are obtained the production of feed grains in 1943 will be about 10 percent less than in 1942, while current indications are that wheat production will also be smaller in 1943 than in 1942. Should yields about equal to those of last year be obtained, the total production of feed grains in 1943 will be about equal to or somewhat greater than in 1942.

With average yields in 1943 it would seem that a choice would have to be made between the following alternatives, or some combination thereof:

(a) Feeding out reserve supplies of feed grains and reducing stocks to a very low level by the summer and fall of 1944. This would allow current animal numbers and prospective production to be maintained through the coming fall and winter but it would not allow sufficient reserve stocks to afford reasonable protection against below average yields or drought, nor would it solve the feed grain problem for the feeding year starting in the summer or fall of 1944.

(b) Reducing feeding rates per animal and livestock production during the year ahead. Substantial reductions in the use of feed grains could, of course, be made within a relatively short time by feeding hogs to lighter weights, by feeding somewhat less feed to poultry and milk cows, and by feeding somewhat fewer beef animals a smaller amount of feed per animal.

(c) Expanding the acreage of corn and spring wheat above current intentions and expanding the acreage of wheat seeded this fall for harvest in the spring of 1944. Some farmers can perhaps expand their acreage of corn without reducing the acreage of soybeans which supply both oil and supplementary protein feed or of other crops which would ordinarily yield as much feed as corn, while some increases in the acreages of wheat and grain sorghums should also be possible in some areas, especially in the winter wheat crop which will be harvested in the spring of 1944.

(d) Drawing heavily upon existing supplies of wheat in the United States and importing foreign supplies of wheat and other grains for feed. Current indications are that the carry-over of old stock wheat in the United States on July 1 this year will be somewhat over 600,000,000 bushels, while Canadian and Australian stocks of wheat as well as Canadian stocks of oats and barley will also be at a high level.

Although favorable yields would ease this situation, an extremely tight feed situation will exist throughout 1943-44 in case of any extended or continuing drought during the coming growing season, especially should the drought affect the corn crop in the Midwest. As we look farther ahead it is apparent that livestock production, especially the production of hogs and poultry, will have to be reduced or leveled off unless farmers find it possible to increase feed production over the level now in prospect or to draw upon additional supplies from such sources as Canada and Australia and to increase the efficiency with which feed grains are now being used.

(4) Although total supplies of oil meal and cake, as well as other protein supplements and by-product feeds were generally at a record level in 1942-43, the demand has been equal to or in excess of this supply, and the current prospect is for an over-all supply of such protein feeds and supplements during 1943-44 not greatly different than the supply available for 1942-43. This means that these feeds must be used as efficiently as possible and that every effort must be made to see that they are equitably distributed.

(5) With the number of both cattle and sheep at a relatively high level, ranges and pastures generally appear to be adequately stocked. This situation, together with our current need for as much meat as possible, indicates that individual ranchmen should be careful to see that they do not increase their livestock numbers beyond the range and feed resources which they will have available if the weather is about average during 1943 and 1944.

Although still somewhat less than during World War I, the number of cattle in the 11 Western States on January 1, 1943, was 12 percent over the average for the period 1932-41 and 4 percent above the number on hand January 1, 1934. Stock sheep in these same States, however, were 8 percent below the average number on hand during 1932-41 on January 1, 1943, and 15 percent below the number on hand on January 1, 1934. Cattle numbers in Oklahoma and Texas were 9 percent greater on January 1, 1943 than the average number on hand during 1932-41 and only 5 percent under the number on hand January 1, 1934, while stock sheep were 31 percent above the number on hand January 1, 1934. Cattle numbers in 7 Great Plains States--Montana, Wyoming, Colorado, Kansas, Nebraska, North Dakota, and South Dakota--were 17 percent over the average number during 1932-41 on January 1, 1943 and were only 6 percent under the high number on hand January 1, 1934. Ranges have generally been good during the last few years, especially in the Great Plains region, and although current prospects are relatively favorable, grass has been slow in starting this season and there are still some dry areas in the Southwest.

OFFICE OF WAR INFORMATION
DEPARTMENT OF AGRICULTURE

For Immediate Release
Saturday, April 10, 1943

AG-298

The livestock, meat, and feed grain situation has been reexamined by the War Food Administration in the light of recent developments. These developments include the beginning of consumer rationing of meats, the placing of specific retail ceilings on prices of meat to consumers, the continued "squeeze" between the price of live animals and the wholesale prices of products, and recent surveys of the availability of feed supplies in relation to present and prospective numbers of livestock on farms.

As a result of this reexamination, certain courses of action have been determined.

(1) Current prices for livestock are above the levels reflecting a proper relationship to the existing wholesale meat ceilings. The Administration does not contemplate any change in the level of either wholesale or retail meat ceilings.

The meat rationing program, together with the vigorous enforcement measures which are designed to keep meat supplies moving through legitimate trade channels, will have the effect of bringing about a better balance between available supplies and civilian, military and other requirements. This is expected to result in lower prices for all classes of livestock as these programs become fully effective.

However, if these measures do not result in a downward adjustment in hog prices in a reasonable time, it will be necessary to adopt ceiling prices on live hogs. In view of the exceptionally acute situation resulting from present relatively high hog prices, procedures for placing ceiling prices on hogs are now being worked out for use if and when necessary. Recent hog prices have been \$1.00 to \$1.50 per cwt. above levels reflected by current wholesale pork ceilings.

The recently announced support price for hogs at \$13.25 per cwt. is being increased to \$13.75 per cwt. until September 30, 1944.

These companion measures are designed to effect a reduction in current prices for live hogs while at the same time assuring producers of equitable relation between hog prices and feed prices in order that production may be maintained insofar as feed supplies permit.

Administrative problems do not permit quick action on live cattle prices, but immediate consideration is being given to alternate methods of establishing effective readjustment of such prices if the existing measures do not prove effective.

(2) Steps are being taken to import feed in sufficient volume from Canada and Australia to supplement feed supplies in the northeastern, southeastern and southwestern coast areas. This will reduce some of the strain on the American transportation system and make available additional feed grain supplies. If necessary in order to make adequate supplies of corn available for feed outstanding corn loans will be called.

(3) In the event that these measures do not result in sufficient supplies of corn becoming available to take care of immediate industrial requirements, present commercial stocks of corn will be requisitioned for use by essential war industries.

Although feed grain supplies are now large, if farmers carry out their current intentions to increase hog production and meet the goals for other livestock, present indications are that existing reserve feed supplies will have to be drawn upon during the feeding year beginning this coming Fall. In case of any drought or shortage in feed grain yields in 1943, an actual shortage of feed grains might develop during the feeding year 1943-44. Despite the present large supplies of feed grains, corn has not recently moved freely through normal trade channels and shortages have developed in many cases.

(4) In view of the present feed prospects, hog producers are advised not to increase breeding for 1943 Fall farrowings by more than 15 per cent above the 1942 level. The 1943 Spring pig crop was 24 per cent above the 1942 Spring pig crop. An increase of only 5 per cent in Fall farrowings would be required to meet the overall goal of 15 per cent increase in 1943 over 1942.

(5) The present ceiling prices on corn allow for a seasonal adjustment in corn prices at one cent a month from May 1 to October 1 to cover storage charges. Corn has been held in storage to take advantage of this allowance under existing regulations. The Office of Price Administration is adjusting its ceilings in the surplus producing area to allow the maximum seasonal price at this time in order to encourage the immediate resumption of the movement of corn through trade channels. There will be no further change in the seasonal price of corn.

All possible steps authorized by law will be taken to stabilize present levels of feed prices particularly in the major dairy and poultry producing areas. The recent action of Congress in authorizing continued sale of wheat for feed will help in attaining this objective.

The effect of this program is to bring about a reduction in the cost of corn being made available for processing for human consumption, and forestalls the increase in dairy and poultry feed prices in the deficit feed consumption areas which would have occurred under present ceilings.

These courses of action are being taken with the full concurrence of the Office of Price Administration. They are in conformity with the President's Executive Order of April 8 and will cause no increase in the cost of living.